RANDFONTEIN LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

INTERNAL AUDIT

AUDIT COMMITTEE PACK

Monday, 26 September 2011

Gauteng Treasury

CONFIDENTIAL

Annexure E

Review of the 2010/11 Annual Financial Statements (AFS) and Annual Performance Report

* Perform 1 AFS Review ~~on~~ 1 AFS.

Lisa - CFO's PA

011 411 0087

Randfontein Local Municipality

Annual Financial Statements
for the year ended 30 June 2011

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Randfontein Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2011:

Adv. O N Sepanya Mogale
Municipal Manager

General Information

Legal form of entity	Municipality
Chief Finance Officer (CFO)	L P I Mashigo
Accounting Officer	Adv. O N Sepanya Mogale
Bankers	Nedbank Corporate Bank
Auditors	Auditor General of South Africa
Executive Mayor	Sylvia Thebenare
Speaker	Elias Khumalo
Council Whip	Jeje Legoete

Members of the Mayoral committee

Tina Grobler
Theresa Kimane
Brenda Mahuma
Sipho Matakane
Lazarus Mathuisa
Thembi Matuwane
Xoliza Ntsepo
Athur Sampson

Councillors

Isaac Lebopa
Terrence Bogale
Philile Faku
Sipho Handula
Jerminah Kutoane
Parks Mananiso
Nozi Mapena
Betty Matebesi
Festus Matshogo
Ntombi Mavuso
Joseph Mbangeni
Kgomotso Mogapi
Maphuthi Dora Mogale
William Nawa
Gwen Ndebele
Mmakhuto Sello
Jetta Beaufort
Pierre Bezuidenhout
Brian Blake
Doneven Cloete
Peter Dick
Evert du Plessis
Sina Erasmus
Paul Francis
Graig Harrison
Gehard Kruger
Tessa Perryman
Bernard Rooskrans
Patricia Soiman
Shannon Steenkamp
Alwyn van Tonder
Joseph Williams
Solomon May

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rand		Note(s)	2011	2010
Assets				
Current Assets				
Inventories	30.20	9	6 463 823	9 285 806
Other financial assets	25.26-28	5	312 664	30 712 664
Trade and other receivables from exchange transactions	31.20	10	1 447 665	6 740 538
Prepayments	27.20	8	-	943 252
Consumer debtors	31.20	11	88 660 870	38 564 943
Cash and cash equivalents	32.20	12	7 282	819 101
			96 892 304	**87 066 304**
Non-Current Assets				
Biological assets	22.20	1	858 900	765 850
Investment property	21.20	2	-	13 468 561
Property, plant and equipment	20.20	3	2 672 764 253	2 587 295 081
Intangible assets	23.22	4	2 203 074	37 717 848
Other financial assets	25.26-28	5	7 815 530	7 932 620
			2 683 641 757	**2 647 179 960**
Total Assets			**2 780 534 061**	**2 734 246 264**
Liabilities				
Current Liabilities				
Other financial liabilities	41.27-28	14	-	901 727
Finance lease obligation	25.29	15	-	2 962 307
Trade and other payables from exchange transactions	51.20	19	76 878 738	77 246 185
VAT payable	51.20	20	5 950 762	8 322 059
Consumer deposits	51.20	21	22 165 560	19 683 753
Unspent conditional grants and receipts	43.20	16	40 345 070	40 325 607
Provisions	52.20	17	4 064 424	4 566 378
Other current financial liabilities	43.27	18	2 503 002	2 457 211
Bank overdraft	32.20	12	2 548 154	-
			154 455 710	**156 465 227**
Non-Current Liabilities				
Other financial liabilities	41.27-28	14	11 759 630	13 941 691
Finance lease obligation	25.29	15	7 952 843	789 646
Retirement benefit obligation	27.22	7	36 546 442	36 546 442
			56 258 915	**51 277 779**
Total Liabilities			**210 714 625**	**207 743 006**
Net Assets			**2 569 819 436**	**2 526 503 258**
Net Assets				
Reserves				
Revaluation reserve	40.22		2 262 924 095	2 262 924 095
Housing development fund	40.22	13	3 833 346	3 833 346
Accumulated surplus	40.24		284 130 394	259 745 817
Total Net Assets			**2 550 887 835**	**2 526 503 258**

Statement of Financial Position

Figures in Rand	Note (s)	2011	2010
Assets			
Current Assets			
Inventories	1	6 463 824	9 285 806
Other financial assets	2	312 664	30 712 664
Trade and other receivable from exchange transaction	3	34 551 631	23 447 195
Trade and other receivable from non-exchange transaction	4	2 754 216	7 155 629
Prepayments	5	-	943 252
Cash and cash equivalents	6	-	331 988
		44 082 335	**71 876 534**
Non-Current Assets			
Biological Assets	7	858 900	765 850
Investment property	8	13 468 561	13 468 561
Property, plant and equipment	9	2 605 173 453	2 635 485 269
Intangible assets	10	37 923 004	37 717 848
Other financial assets	11	8 467 274	7 932 620
		2 665 891 192	**2 695 370 148**
Total Assets		**2 709 973 527**	**2 767 246 682**
Liabilities			
Current Liabilities			
Trade and other payable exchange transactions	12	73 362 554	59 390 757
VAT payable	13	7 409 487	8 322 059
Consumer deposits	14	22 165 560	19 683 753
Unspent conditional grants and receipts	15	27 099 027	40 325 607
Provisions	16	7 789 019	7 719 149
Other current financial liabilities	17	2 503 002	2 457 211
Current portion of financial liabilities	18	1 041 438	901 727
Current portion of lease obligation	19	2 179 176	2 962 307
Overdraft	6	2 831 502	-
		146 380 765	**141 762 570**
Non -Current Liabilities			
Other financial liabilities	17	12 865 428	13 941 691
Finance lease obligation	19	4 548 418	1 136 701
Retirement benefit obligation	20	48 290 214	36 546 442
		65 704 060	51 624 834
Total Liabilities		**212 084 825**	**193 387 404**
Net Assets		**2 497 888 702**	**2 573 859 278**
Net Assets			
Reserves			
Revalation reserve		2 320 329 135	2 320 329 135
Housing development fund		3 833 346	3 833 346
Accumulated surplus	21	173 726 221	249 696 798
		2 497 888 702	**2 573 859 278**
		-0	**-0**

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The repairs and statements set out below comprise the annual financial statements presented to the municipal council:

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Statement of Changes in Net Assets

Figures in Rand	Revaluation Reserve	Housing Development Fund	Total Reserves	Accumulated Surplus	Total net assets
Balance at 01 July 2009	**(2 422 743 564)**	**(4 106 886)**	**(2 426 850 450)**	**(254 659 933)**	**(268 151 383)**
Changes in net assets	102 414 429	273 541	102 687 969	-	102 687 969
Surplus of the year	-	-	-	-	-
Prior year adjustments	-	-	-	-	-
Transfers to/from accumulated surplus	-	-	-	-	-
Net gains and losses not recognized in the statement of financial performance	-	-	-	-	-
Total changes	(2 320 329 135)	(3 833 345)	(2 324 162 481)	(254 659 933)	(165 463 414)
Opening balance as previously reported	(2 320 329 135)	(3 833 345)	(2 324 162 480)	(254 659 933)	(2 578 822 413)
Adjustments	-	-	-	(97 956 823)	(97 956 823)
Prior year adjustments	-	-	-	102 919 957	102 919 957
Balance at 01 July 2010 as restated	**(2 320 329 135)**	**(3 833 345)**	**(2 324 162 480)**	**(249 696 799)**	**(2 573 859 279)**
Changes in net assets	-	-	-	(1 822 933)	(1 822 933)
Surplus for the year	-	-	-	77 793 510	77 793 510
Balance at 30 June 2011	**(2 320 329 135)**	**(3 833 345)**	**(2 324 162 480)**	**(173 726 222)**	**(2 497 888 702)**

Note(s)

Statement of Financial Performance

Figures in Rand	Note (s)	2011	2010
Revenue			
Property rates	22	67 424 299	79 835 392
Service charges	23	348 297 297	290 429 527
Rental of facilities and equipment	24	1 464 541	1 303 132
Interest earned - outstanding receivable		9 071 909	7 580 251
Income from agency services		11 818 036	9 158 490
Internal charges		37 868	122 449
Fines		7 060 245	1 901 705
Licences and permits		27 122	11 006
Government grants & subsidies	25	132 537 775	87 834 035
Interest earned - external investment		2 183 621	4 373 213
Public contributions		852 323	1 683 671
Provision adjustment		501 954	-
Recoverable work		313 172	-
Other income	26	11 032 286	11 143 723
Total Revenue		**592 622 448**	**495 376 592**
Expenditure			
Employee related costs	27	(156 808 024)	(131 451 748)
Remuneration of Councillors	28	(10 207 841)	(9 353 211)
Depreciation and amortisation	9	(102 379 523)	(116 650 940)
Impairment loss / Reversal of impairments		-	(10 913 196)
Finance costs		(7 183 606)	(6 026 225)
Debt impairment		(13 177 763)	(28 142 303)
Repairs and maintenance		(23 898 199)	(16 174 213)
Bulk purchases	29	(216 648 753)	(170 676 457)
Contracted services	30	(20 768 777)	(20 823 272)
Grants and subsidies paid	31	(475 000)	(168 750)
General Expenses	32	(99 299 552)	(79 351 712)
Social Contribution	33	(12 362 771)	(10 286 602)
Total Expenditure		**(663 209 809)**	**(600 018 628)**
Fair value adjustments		-	-
Income from equity accounted investments		(7 200 081)	1 781 272
Loss on non-current assets held for sale or disposal groups		(6 068)	(59 194)
Surplus (deficit) for the year		**(77 793 510)**	**(102 919 958)**

Cash Flow Statement

Figures in Rand	Note (s)	2011	2010
Cash generated by/(utilised in) operating activities			
Receipts			
External loans		-	-
Sale of good and services		415 721 596	370 264 919
Grants		132 537 775	87 834 035
Investments redeemed		2 183 621	4 373 213
Interest income		9 071 909	7 580 251
Other receipts		11 032 286	11 143 723
Other cash item		21 260 134	14 180 451
		591 807 321	**495 376 592**
Payments			
Employee costs		167 015 865	131 451 748
Suppliers		367 995 704	464 196 289
Finance costs		7 183 606	6 026 225
Investments made		-	-
		542 195 175	**601 674 262**
Undefined difference compared to the cash generated from operations note		13 136 880	-
Net cash flows from operations activities	53	~~49 012 146~~	63 299 557
Cash flows from investing activities			
Purchase of property, plant and equipment		(62 778 388)	(54 151 595)
Proceeds from sale of property, plant and equipment		107 975	-
Purchase of other intangible assets		(524 948)	318 779
Proceeds from sale of investments		-	(324 561)
Proceeds from sale of financial assets		-	-
Purchase of investments		-	(517 109)
Decrease in non-current receivables		-	715 599
Net cash flows from investing activities		**(63 195 360)**	**(53 958 887)**
Cash flows from financing activities			
Proceeds from long-term liabilities		-	-
Repayment of long-term liabilities		(901 706)	(3 675 852)
Finance lease payments		(2 628 586)	-
Finace lease receipts		-	-
Increase in consumer deposit		2 481 807	2 139 833
Non current povision		-	1 379 429
Net cash flows from financing activities		**(1 048 485)**	**(156 590)**
Net increase/(decrease) in cash and cash equivalents		(33 431 583)	61 790 697
Net increase/(decrease) at the beginning of the year		30 600 081	(31 190 616)
Net increase/(decrease) at the end of the year		**(2 831 502)**	**30 600 081**

1. BASIS OF ACCOUNTING

1.1 Basis of presentation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting where applicable policies are explained in the relevant policy, and the notes.

1.2 Presentation Currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 Going Concern Assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next twelve months.

1.4 Comparative Information

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 Standards, Amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAB 18 - Segment Reporting
GRAB 21 - Impairment of Non-cash generating Assets
GRAB 23 - Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAB 24 - Presentation of Budget Information in Financial Statements
GRAB 25 - Employee Benefits
GRAB 26 - Impairment of Cash-generating Assets
GRAB 103 - Heritage Assets
GRAB 104 - Financial Instruments

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

2. ACCUMULATED SURPLUSES/DEFICITS & RESERVES

2.1 Revaluation Reserve

The surplus arising from the revaluation of land, buildings and infrastructure assets are credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings and infrastructure assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

2.2 Accumulated surplusses / Deficits

Accumulated suplusses / deficits consist of surpluses and deficits generated from this and past financial years, together with reserves detailed hereunder:-

2.2.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus / (deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from Government Grant Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).

2.2.1 Government Grant Reserve (continued)

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

2.2.2 Donations and public contribution reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from Donations and Public Contributions Reserve is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for aministrative purposes, and are expected to be used durinmg more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at costs.

The cost of an item of property, plant and equipment is the purchase price and other costs attributab le to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts ans rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

3.1 Initial Recognition (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Costs include costs incurred initially to acquire or construct an item of property, plan and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposs other than the production of enventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condeition necessary for it to e capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuining use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remainign inspection costs from the previous insection are derecognised.

3.2 Subsequent measurement - revaluation model (land and buildings and Infrastructure Assets)

Subsequent to initial recognition, land, buildings and infrastructure are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

3.2 Subsequent measurement - revaluation model (land and buildings and Infrastructure Assets) - continued

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

3.3 Subsequent measurement of movable assets - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

3.4 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

	YEAR		YEAR
Infrastructure		Movable Assets	10
		Specialist Vehicles	5
Roads and Storm water	3 - 100	Other vehicles	3 - 7
Mechanical and electrical plant	15 - 30	Office Equipment	3 - 7
Civil Infrastructure and pipework	10 - 200	Furniture and fitting	7 - 10
Electrical Infrastructure	45 - 50	Water craft	15
		Bins and containers	5
Buildings	5 - 60	Specialised plan and equipment	1 0 - 5
Open Spaces	10 - 50	other items of plan and equipm.	2 - 5
Library Book	3 - 20		
The above group include Heritage and Community Assets and the Landfill Site		Finance lease assets	
		Office Equipment	3
		Motor Vehicles	5

3.4 Depreciation and impairment (continued)

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.5 De-Recognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4. INTANGIBLE ASSETS

4.1 Initial recognition - Revaluation model

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include servitudes, computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Intangible assets are carried at cost, being its fair value at the date of valuation less any impairment losses.

4.2 Subsequent measurement - revaluation model

Subsequent to initial recognition, Intangible Assets are carried at a cost, being its fair value at the date of acquisition less any subsequent impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation in respect of that asset.

4.3 Armortisation and impairment

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Intangible Assets are not amortised.

4.4 De-Recognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

para 46 + 47 of 1 std - specific at 1 reporting date)

5. INVESTMENT PROPERTY - Mogale City

53+54 current prices * non-compliance with 1 std; IP

5.1 Initial Recognition

Investment property includes rented properties developed and undeveloped land, held for resale or for capital appreciation, rather than held to meet service delivery objectives.

external * To enable the municipality to measure the fair value of the Investment Property the property was valued by an external sworn valuer. ~~NO~~

* At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a ~~non-exchange transaction~~ (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

5.2 Subsequent Measurement

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Owen's no:

6. BIOLOGICAL ASSETS

6.1 Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:-

- the municipality controls the asset as a result of past events;

- it is probable that future economic benefits associated with the asset will flow to the municipality;

- and the fair value or cost of the asset can be measured reliably.

6.2 Measurement

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market values of livestock of similar age, breed, and genetic merit.

A gain or loss arising on subsequent measurement of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

7. NON-CURRENT ASSETS HELD FOR SALE

7.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

7.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

8. NON-CURRENT ASSETS HELD FOR SALE

8.1 Initial Recognition

Inventories consisting of consumable stores, raw materials, work-in-progress, purified water stock and finished goods, comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

8.1 Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress, purified water stock and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

9. FINANCIAL INSTRUMENTS

9.1 Initial Recognition

Financial instruments are initially recognized at fair value.

9.2 Subsequent Measurement

Financial Assets are categorized according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorized as either at fair value through profit or loss or financial liabilities carried at amortized cost. The subsequent measurement of financial assets and liabilities depends on this categorization.

9. FINANCIAL INSTRUMENTS (continued)

9.3 Investments

Investments, which include, fixed deposits and short-term deposits invested in registered commercial banks, are categorized as either held-to-maturity where the criteria for that categorization are met and are measured at amortized cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

9.4 Trande and other receivables

Trade and other receivables are categorized as financial assets: loans and receivables and are initially recognized at fair value and subsequently carried at amortized cost. Amortized cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current assets.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognized in the Statement of Financial Performance within operating expenses.

9.5 Trade Payable and borrowings

Financial liabilities consist of trade payables and borrowings. They are categorized as financial liabilities' held at amortized cost, are initially recognized at fair value and subsequently measured at amortized cost which is the initial carrying amount, less repayments, plus interest.

9.6 Cash and Cash Equipments

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that is held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorizes cash and cash equivalents as financial assets: loans and receivables.

10. UNAUTHORIZED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorized expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12. FRUITLESS AND WASTEFULL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13. PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognize a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognized for future operating losses. The present obligation under an onerous contract is recognized and measured as a provision.

14. LEASES

14.1 Municipal as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognized at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognized at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

15. REVENUE

15.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs for domestic consumer at fixed amount per month. Tariffs for business users are based on the number of containers on each property, regardless of whether or not all containers are emptied during the month.

15. REVENUE (continued)

15.1 Reveneu from exchange transactions

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff or charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

15.2 Revenue from non-exchange transaction

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from agency services is recognised when it becomes due, together with an estimate of agency services revenue that will be received based on past experience of amounts collected.

15. REVENUE (continued)

15.2 Revenue from non-exchange transaction (continued)

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 Grants, Transfers and Donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance when incurred.

17. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors except for employees who are remunerated on a total cost to company basis. The municipality also subsidizes medical aid fund contributions after retirement of certain employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

18. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel of the municipality are those persons, directly and indirectly having authority and responsibility for planning, directing and controlling the activities of the municipality. Key management is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. The mayor and all RLM Councillors are also identified as related parties.

19. EVENTS AFTER THE REPORTING DATE

Adjusting events after reporting date will be accounted for in the annual financial statements, while non adjusting events after the reporting date are disclosed in the notes to the annual financial statements.

20. IMPAIRMENT OF ASSETS - Cpy + Paste

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed annually at the latter half of the financial year.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalue asset is treated as a revaluation increase.

Figures in Rand	2011	2010

1. Inventories

Unsold Maize	202 500	40 000
Consumable stores	6 209 956	9 141 002
Unsold Water	51 368	104 804
	6 463 824	**9 285 806**

2. Other financial assets

Other call investments	312 664	30 712 664
	312 664	**30 712 664**

3. Trade and other receivables from exchange transactions

2011

	Gross balances	Provision for debt Impairment	Net balance
Rates	53 952 435	(44 872 242)	9 080 193
Electricity	28 857 924	(23 776 577)	4 811 347
Water	40 647 721	(33 806 711)	6 841 010
Sewerage	8 368 936	(6 960 444)	1 408 492
Refuse	8 661 304	(7 203 607)	1 457 697
Indigents and other debtors	31 816 653	(31 816 653)	-
Other levies	65 079 579	(54 126 688)	10 952 891
	237 384 552	(202 562 922)	**34 551 630**

2010

Rates	53 743 724	(48 928 698)	4 815 026
Electricity	20 028 077	(18 233 715)	1 794 362
Water	33 419 990	(30 425 815)	2 994 175
Sewerage	8 096 218	(7 370 859)	725 359
Refuse	8 603 052	(7 832 284)	770 768
Indigents and other debtors	63 721 801	(58 012 816)	5 708 985
Other levies	74 096 966	(67 458 446)	6 638 520
	261 709 828	(238 262 633)	**23 447 195**

	2011	2010
Rates		
Current (0 -30 days)	35 368 931	34 741 459
31 - 60 days	339 362	469 219
61 - 90 days	262 997	314 728
91 - 120 days	238 725	403 179
121 - 365 days	216 887	281 794
> 365 days	17 525 532	19 987 183
	53 952 434	**56 197 561**
Electricity		
Current (0 -30 days)	51 692 675	47 686 937
31 - 60 days	2 119 207	1 976 097
61 - 90 days	1 038 546	1 028 056
91 - 120 days	1 227 623	811 796
121 - 365 days	808 944	859 069
> 365 days	29 378 890	26 670 580
	86 265 885	**79 032 536**
Debtors - Other levies	65 079 579	56 190 695
Hand Overs	-	2 862
Indigents Parked Amounts	24 260 542	66 723 832
Handover Attorneys	7 556 111	3 562 342
Total	**96 896 232**	**126 479 731**

4. Trade and other receivables from non-exchange transactions

Salary accounts	13 553	36 734
Revenue receivable	2 204 513	1 099 256
Two rooms arrears	1 340 143	1 340 143
Munimed Continued Members	241 029	245 615
Sundry	3 737 675	9 211 396
	7 536 913	11 933 144
Less : Provision for Bad Debts	(4 782 698)	(4 777 514)
	2 754 216	7 155 629

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2011	2010

5. Prepayments

Prepayments made		
Prepayments	-	943 252

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7 282	3 082
Bank balances	-	328 906
Bank overdraft	(2 838 784)	-
	(2 831 502)	331 988

Account number / description	Bank statement balances		Cash book balances	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
FNB - Current account (Primary) - 51261135194	-	-	-	47 512.00
Nedbank - Current account (Primary) - 1454095334	2 402 201.00	821 265.00	(11 239 944)	(8 712 979)
Nedbank - Current account (Salaries) - 1454095393	215 188.00	13 861.00	(439 417)	(3 959 517)
Nedbank - Current account (Actaris) - 1454095377	481 713.54	323 132.00	167 903.02	142 356.00
Nedbank - Current account (Grants) - 1454095407	2 617 871.00	10 151 004.00	793 309.65	8 326 443.00
Nedbank - Current account (Special projects) - 1454095385	477 168.00	455 285.00	477 167.61	455 285.00
Nedbank - Current account (Traffic) - 1454098058	4 324 845.00	2 773 505.00	7 358 846.00	3 387 685.00
Nedbank - Current account (Elandsfontein farm) - 1454098031	59 586.00	57 522.00	59 649.00	57 582.00
Nedbank - Current account (Traffic fines)- 1454118679	373 663.00	583 187.00	(16 297)	584 538.00
Petty cash and cash floats	7 282.00	3 082.00		
	10 959 517.54	**15 181 843.00**	**(2 838 783)**	**328 905.00**

7. Biological assets

Reconciliation of biological assets - 2011

	Opening Balance	Additions	Gains or losses arising from changes In fair value	Total
Dairy livestock	765 850	128 757	-35 707	858 900

Reconciliation of biological assets - 2010

	Opening balance	Additions	Gains or Losses arising from changes in fair value	Total
Dairy Livestock	909 600		-143 750	765 850

Non-Financial information

Quantities at year end		
Cows in production	57	51
Cows not in production	27	55
Heifers	39	20
Calves	20	25
	143	**151**

Movements In quanties		
Quantity at begining of year	151	167
Increases due to births	36	52
Decreases due to sales	-53	-9
Decreases due to deaths and theft	-	-59
Increases due to acquisitions	9	-
	143	151

Cows are adult animals, while heifers are young animals not in productions. Calves are recently born animals.

Methods and assumptions used In determining fair value

NOTES TO THE FINANCIAL STATEMENTS
Figures in Rand

	2011	2010

7. Biological assets (continue)

The value of livestock is determined by an independed valuer and management is satlsfied that the estimated value of the livestock is fair.

Elandsfontein Farm

The municipality is engaged in farming operations on the farm Elandsfontein 277 IQ in the Randfontein Local Municipality area. The farming operatlons Include dairy farming and maize crop growing.

The farming operations include dairy farming and maize crop growing. The farm was purchased by the municipality with Land Affairs donating the purchase price.
The intention of the donation was for the farm to be operated in terms of the Land Affairs Commonage Policy to be adopted as policy by Council.

8. Investment property

	2011			2 010		
	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Investment property Undeveloped	13 468 561	-	13 468 561	13 468 561	-	13 468 561

Reconcillation of investment property - 2011

	Opening balance	Difference	Total
Investment property	13 468 561	-	13 468 561

Reconciliation of investment property - 2010

	Opening balance	Difference	Total
Investment property	13 144 000	324 561	13 468 561

9. Property, plant and equipment

	2011			2 010		
	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated Impairment	Carrying Value
Land	13 468 561	-	13 468 561	1 678 849 800		1 678 849 800
Pland and machinery	14 152 798	(1 278 389)	12 874 409	6 771 818 701	-	6 771 818 701
Infrastructure	4 378 272 213	(1 878 466 633)	2 499 805 580	-	-5 862 966 192	-5 862 966 192
Library Books	13 505 226	(3 901 249)	9 603 977	12 096 780	(2 464 161)	9 632 619
Total	**4 419 398 798**	**(1 883 646 271)**	**2 535 752 527**	**8 462 765 281**	**-5 865 430 353**	**2 587 702 309**

10. Intangible assets

	2011			2010		
	Software	Servitudes	Total	Software	Servitudes	Total
Cost Valuation	2 659 508	36 039 722	38 699 230	2 606 000	36 039 722	38 645 722
Additions	524 948	-	524 948	53 508	-	53 508
	3 184 456	**36 039 722**	**39 224 178**	**2 659 508**	**36 039 722**	**38 699 230**
Accumulated depreciation	(981 382)	-	(981 382)	(609 095)	-	-609 095
Depreciation current year	(319 792)	-	(319 792)	(372 287)	-	-372 287
Carrying value	**1 883 282**	**36 039 722**	**37 923 004**	**1 678 126**	**36 039 722**	**37 717 848**

NOTES TO THE FINANCIAL STATEMENTS
Figures in Rand

	2011	2010
11. Other financial assets		
Held to maturity		
	7 932 620	7 341 203
Stanlib- Zero Coupon Bond Investment:	534 654	591 417
Opening Balance	8 467 274	7 932 620
Investing activities		
12. Trade and other payables from exchange transactions		
	43 502 836	40 690 609
Trade Creditors	5 151 567	3 170 791
Retention monies payable	27 943	27 941
Stores Creditors	6 667 838	192 509
Salaries control	55 350 183	44 081 850
Total Creditors		
	17 992 844	15 290 958
Leave accrual	73 343 028	59 372 807
Total		
13. VAT payable		
	13 403 216	15 189 589
VAT payable	5 993 729	6 867 530
VAT receivable	7 409 487	8 322 059
14. Consumer deposits		
	23 045 706	20 563 899
Sevices and sundries	-880 146	-880 146
Guarantees held in lieu of electricity and water deposits		

The consumer deposits are held to cover anticipated consumption of water and electricity.

15. Unspent conditional grants and receipts		
	623 638	1 365 660
Department of Mineral & Energy	10 965 428	13 546 459
MIG Grants	-	591 842
Department of Water Affairs	3 574 913	3 342 025
Department of Sports, Recreation, Arts & Culture	-	-7 760
Financial Management Grant	2 023 222	4 413 240
National Departments	-150 912	2 180 330
West Rand District Municipality	3 734 651	13 289 613
Gauteng Provincial Departments	470 000	-
Other conditional receipts	3 990 217	6 733 423
Developers contributions	1 867 825	-
National Lottery	-	-5 129 225
Prior year adjustment	27 098 982	40 325 607
16. Provisions		
Reconciliation of provisions - 2011		
	3 481 027	3 152 771
Performance Bonuses	4 064 424	4 566 378
Rehabilitation of landfill site	243 568	-
Provision for onerous contract	7 789 019	7 719 149
17. Other financial liabilities		
Held at amortised cost		
The loan bears interest at 15.5% per annum and is repayable over a period of 20 years. The loan was provided by the Development Bank of South Africa to fund capital projects. The sewerage treatment plant and the sinking fund investment are encumbered as securities. The remaining period of this loan is 8 years.	11 759 630	14 843 418
	13 906 866	14 843 418
Non-current liabilities		
At amortised cost		
Current liabilities	1 041 438	901 727
At amortised cost		

	12 865 428	13 941 691

	2 011	2 010

19. Finance lease obligation

Fleet Africa		
Standard bank	-	1 203 047
Avis Fleet Services	5 637 242	
Rent works Africa (pty) ltd	1 068 956	1 381 572
Less : Short term portion transferred to current liabilities	21 395	1 153 110
Lease liabilities		
Total long term liability	-2 179 176	-2 962 307
	4 548 417	775 422

2011
Amounts payable under finance leases

	Up to 1 Year	2 - 5 Years	Total
Minimum lease payments	2 708 909.00	4 885 286	7 594 195
Finance & Maintenance cost	529 733.00	336 868	866 601
Present value	2 179 176.00	4 548 418	6 727 594

2010
Amounts payable under finance leases

	Up to 1 Year	2 - 5 Years	Total
Minimum lease payments	3 303 208	1 283 162	#REF!
Finance & Maintenance cost	340 901	193 104	#REF!
Present value	2 962 307	1 090 058	#REF!

20. Employee benefit obligations

	YEAR ENDING 30/06/2011	YEAR ENDING 30/06/2010
Opening Accrued Liability	36 546 442	35 167 013
Current service Cost	2 167 661	221 875
Interest Cost	3 327 174	3 160 701
Contributions (benefits paid)	-951 114	-871 980
Total Annual Expense	4 543 691	4 510 596
Actuarial Loss / (Gain)	7 200 081	-3 131 167
Closing Accrued Liability	48 290 214	36 546 442

Included in the Statement of Financial Performance under employee related costs are current service cost of R2,221,875 (2009 : R2,037,734) interest cost of R3,160,701 (2009: R3,348,057), benefits paid or R871,980 (2009: R792,492) and actuarial gains of R3,131,167 (2009:R946,924)

ASSUMPTION	VALUE P.A 2010	VALUE P.A 2011
Discount rate	8.75%	8.75%
Health care cost Inflation rate	7.34%	7.34%
Net effective discount rate	1.31%	1.31%

Sensitivy Analisis on the Accrued Liability (R Million)

2011

ASSUMPTION	CHANGE	IN-SERVICE	CONTINUATION	TOTAL	% CHANGE
Central Assumptions		34 466	11 824	48 290	
care inflation	1%	42 896	12 646	55 542	0
	-1%	31 245	11 113	42 358	-0
Post-retirement mortality	-1 year	37 811	12 305	50 115	0
Average retirement age	-1 year	39 473	11 824	51 297	0
Withdrawal Rate	-50%	39 591	11 824	51 415	0

ASSUMPTION	CHANGE	CURRENT SERVICE COST	INTEREST COST	TOTAL	% CHANGE
Central Assumptions		2 167 700	3 327 200	5 494 900	
Health care Infla	1%	2 590 800	3 794 200	6 385 000	16%
	-1%	1 829 100	2 943 000	4 772 100	-13%
Post-retirement	-1 year	2 239 900	3 448 000	5 687 900	4%
Average retirem	-1 year	2 250 100	3 522 600	5 772 700	5%
Withdrawal Rate	-50%	2 438 100	3 518 000	5 956 100	8%

NOTES TO THE FINANCIAL STATEMENTS | 2011 | 2010
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20. Employee benefit obligations (continue)

2010

ASSUMPTION	CHANGE	IN-SERVICE	CONTINUATION	TOTAL	% CHANGE
Central Assumptions		24 753	11 794	36 546	-
Health care inflation	1%	28 996	12 615	41 611	0
	-1%	21 298	11 082	32 380	-0
Post-retirement mortality	-1 year	25 616	12 241	37 857	0
Average retirement age	-1 year	26 872	11 794	38 665	0
Withdrawal Rate	-50%	26.822	11.794	38 616	0

ASSUMPTION	CHANGE	CURRENT SERVICE COST	INTEREST COST	TOTAL	% CHANGE
Central Assumptions		2 221 900	3 160 700	5 382 600	-
Health care inflation	1%	2 671 400	3 625 700	6 297 100	0
	-1%	1 864 400	2 780 800	4 645 200	-0
Post-retirement mortality	-1 year	2 300 200	3 279 900	5 580 100	0
Average retirement age	-1 year	2 354 900	3 344 200	5 699 100	0
Withdrawal Rate	-50%	2 522 200	3 359 300	5 881 500	0

21. Revenue

Property rates	67 424 299	79 835 392
Service charges	348 297 297	290 429 527
Rental of facilities & equipment	1 464 541	1 303 132
Interest received – trading	9 071 909	7 580 251
Income from agency services	11 818 036	9 158 490
Internal charges	37 868	122 449
Fines	7 060 245	1 901 705
Licences and permits	27 122	11 006
Government grants & subsidies	132 537 775	87 834 035
Interest earned - investments	2 183 621	4 373 213
Public contributions	852 323	1 683 671
Other income	11 032 286	11 143 723
	591 807 322	**495 376 594**

21. Assessment Rates Levied	105 829 782	103 793 541
Rebates allowed	-38 405 483	-23 958 149
	67 424 299	79 835 392
Valuations		
Residential	6 305 820 856	6 123 697 060
Commercial	1 847 403 076	1 956 204 200
State	288 720 905	292 494 500
Other	1 705 756 855	1 601 495 653
Exempt	-	13 230 360
Total Property Valuations	10 147 701 692	9 987 121 773

The property rates were based on the valuation of land only in the prior year. The property rates in the current financial year were based on the market value of the properties in terms of the Municipal Property Rates Act.

22. Service charges

Sale of electricity	245 605 191	200 517 717
Sale of water	56 814 240	52 714 031
Refuse Removal	24 259 716	18 979 945
Sewerage and sanitation charges	21 155 451	17 171 800
Other Services	462 699	1 046 034
Total service charges revenue	348 297 297	**290 429 527**

23 Rental equipment and facilities

Rental equipment	279 637	455 802
Rental buildings	397 757	412 816
Rental Facilities	-	12 340
Rental land	47 064	45 629
Rental housing	740 083	376 544
	1 464 541	1 303 132

NOTES TO THE FINANCIAL STATEMENTS
Figures in Rand

	2011	2010
24. Government grants and subsidies		
Equltable share	71 502 333	51 909 900
Provincial grant	17 989 243	6 433 004
Municipal Improvement Grant	657 895	1 187 842
DORA grant	-	121 491
MIG Grant	17 434 981	598 140
Other grants	184 108	1 087 484
Grants VAT	6 255 158	224 069
Aids Grant	-	1 053 030
Finance Management grant	980 161	626 067
Natlonal Grant	2 064 876	15 955 853
WRDM grant	3 936 669	1 600 492
Other operating Grants	2 056 000	1 835 000
Total Government Grants	123 061 423	82 632 373
Provincial Health Subsidies	6 145 710	4 621 927
Training Subsidies	587 435	405 892
Total Subsldies total	6 733 145	5 027 819
Public contributions	2 743 206	173 842
Total Developer Contribution & Public Donations	2 743 206	173 842
Total Government Grants and Subsidies	**132 537 775**	**87 834 034**
25. Other income		
Administration Charges	1 358 789.28	2 238 116
Other Income	2 752 692.50	2 521 756
New Electricity connections	297 342.34	4 087 134
Bin sales	3 821 202.36	-
Milk sales	1 261 446.28	964 764
Building plan fees	880 725.83	687 080
Burial fees	660 087.46	644 873
	11 032 286.05	**11 143 723**
26. Employee related cost		
Salaries	108 662 895	91 540 124
Contributi	17 474 791	15 055 178
Travel,	4 287 834	3 999 072
Uniforms	419 058	997 146
Employee Assistance Programme and OHSA	229 567	220 041
Overtime payments	8 206 775	7 107 210
Performance bonus & bonuses	10 495 633	7 049 535
Leave payments	5 802 921	4 578 148
Arbitration	-	215 618
Casual labour	192 180	-
Training	1 036 369	689 678
Total Employee Related Costs	**156 808 024**	**131 451 748**
Remuneration of the Municipal Manager		
Annual Remuneration	938 583	738 826
Traveling allowance	154 426	132 000
UIF & Skills levy Contributions	10 396	2 745
Performance Bonuses	123 546	-
Total	1 226 951	873 571
Remuneration of the Chief Financial Officer		
Annual Remuneration	808 759	720 000
Traveling allowance	128 480	120 000
Other allowances	-	1 040
UIF & Skills levy Contributions	8 960	2 995
Performance Bonuses	127 200	-
Total	1 073 398	844 035

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand

	2011	2010

Remuneration of Individual Executive Directors
30 June 2010

	Social Services	Technical Services
Annual Remuneration	541 596	720 000
Traveling allowance	108 000	120 000
Other Allowances	1 040	1 040
UIF & Skills levy Contributions	2 995	2 995
Performance Bonuses	-	-
Total	653 631	844 035

Remuneration of individual Executive Directors
30 June 2011

	Social Services	Technical Services
Annual Remuneration	672 975	784 732
Traveling allowance	121 180	128 690
Other Allowances	38 544	-
UIF & Skills levy Contributions	7 826	8 754
Performance Bonuses	79 051	92 200
Total	919 576	1 014 375

Remuneration of Individual Executive Directors
30 June 2010

	Corporate Services	Development Planning
Annual Remuneration	597 600	585 600
Traveling allowance	108 000	120 000
UIF & Skills levy Contributions	1 040	1 040
Performance Bonuses	2 995	2 995
Total	-	-
	709 635	709 635

Remuneration of Individual Executive Directors
30 June 2011

	Corporate Services	*Development Planning*
Annual Remuneration	679 173	626 032
Traveling allowance	173 290	77 599
UIF & Skills levy Contributions	-	-
Performance Bonuses	7 954	6 563
Total	98 448	106 784
	958 865	**816 978**

Remuneration of Individual Executive Directors
30 June 2010

	2011	2010
Annual Remuneration	723 010	553 596
Traveling allowance	104 141	96 000
Other allowances	-	1 040
UIF & Skills levy Contributions	7 799	2 995
Performance Bonuses	86 789	-
Total	**921 740**	**653 631**

RETIREMENT BENEFITS INFORMATION

Council does not have its own retirement benefit scheme. Council contributes to the following pension and provident funds:-

- Provident fund	490 334	-
- Local Govemment pension fund	-	2 072 834
- SALA Pension fund	2 171 536	376 167
- Joint Municipal Pension Fund	420 268	14 922 107
- Municipal Gratuity Fund	12 395 383	4 013 342
- Municipal Employees Pension Fund	5 126 497	21 384 450
	20 113 683	

NOTES TO THE FINANCIAL STATEMENTS
Figures in Rand

	2011	2010
REMUNERATION OF COUNCILORS		
Executive Mayor		
Speaker	2011	2010
Mayoral Committee		
Ordinary members	454 800	451 729
Travelling	363 874	335 933
Other Allowances	2 449 212	2 269 075
Total Councilors Remuneration	3 891 700	3 500 549
	2 224 403	2 111 243
In-Kind benefits	632 748	684 682

The Executive Mayor, Speaker and Members of the Mayoral Committee are full-time members. Each is provided with an office and secretarial support at the cost of the council. The Municipality provides the Executive Mayor with a full-time body guard and a vehicle. The remuneration of Councillors is determined in terms of the Remuneration of Public Office Bears Act.
The Executive Mayor and Speaker is provided with a Council vehicle for official use.

28 Bulk purchases

Electricity			180 394 128	138 147 703
Water			36 254 625	32 528 754
Total Bulk Purchases			**216 648 753**	**170 676 457**

Distribution Losses

	2010		2011	
	KW	R- VALUE	KW	R- VALUE
ELECTRICITY	65 736 957	22 350 565	79 128 951	24 755 864
			20%	
	KL	R-VALUE	KL	R-VALUE
WATER	948 786	3 311 263	445 612	1 779 084
			5%	

29 Grants and subsidies paid

Grants Paid to SPCA	475 000	168 750

30. General expenses

- Electricity consumption	10 223 898	8 392 381
- Election expenses	121 179	3 420
- Delegations	572 679	573 174
- Bontle ke Bothe	44 698	-
- Expanded Works Programme	2 556 503	-
- Entertainment	161 263	94 869
- Marketing	209 152	484 323
- Water Own Consumption	1 528 127	1 208 280
- Fuel & Oil	3 809 877	2 923 968
- Membership fees	967 981	945 034
- Municipal events and improvement	936 571	2 109 572
- Telephone	2 602 259	3 012 467
- Advertisements	1 556 831	978 796
- Indigents	478 902	249 982
- Audit committee costs	274 125	168 041
- Insurance expenditure	2 571 466	2 048 504
- Bank Charges	1 892 816	2 354 164
- Security Service	4 428 050	4 604 260
- 50 kWH Electricity [free]	1 826 950	1 393 156
- Free 6kl Water	5 089 174	4 599 517
- Communications	370 700	453 315
- Indigent Subsidy - Sewerage	4 561 180	3 666 727
- Indigent Subsidy - Electricity	54 163	39 471
- Indigent Subsidy - Assessment Rates	2 177 544	3 313 182
- Indigent Subsidy - Refuse	5 605 151	4 428 889
- Indigent subsidy - Two room	59 010	42 420
- Indigent subsidy - Water	1 718 750	1 503 162
- Regional master plan	2 034 632	535 400
- Audit Fees	1 649 602	1 555 286
- Bursary expenses	499 875	216 871
- Refuse bins	3 823 175	872 187
- Consumable Items	532 085	816 466
- TMT expenditure	4 745 496	-
- Professional Services	9 450 285	9 047 726
- Legal Expenses	1 149 746	321 910
- IT Support contract	1 334 404	812 508

- Code of By-laws	315 894	43 921
- Cleaning materials and other	500 170	448 381
- Credit control implementation	80 322	174 566
- Licenses	980 188	790 064
- Private Contractor	3 221 896	2 928 996
- Provision adjustment	-	327 200
- Removal of illegal dumping	1 486 150	2 563 290
- Halls and sports facilities expenditure	480 587	73 854
- Public participation	580 348	471 409
- Parks expenditure	382 916	221 709
- Sport, recreation, arts and culture	1 075 993	1 213 332
- Postage	316 374	60 053
- Stock adjustment	1 278 357	993 723
- Stock, Stationary & Printing	1 276 839	144 003
- Recoverable jobs	1 459 282	1 504 992
- R1 for R1 settlement	-	157 247
- LED Funds	84 877	135 704
- Feed	301 164	137 535
- Ward Committees	915 946	781 648
- Workshop / Seminars	215 133	87 130
- Farming	235 972	91 473
- Other general expenses	922 945	592 771
	1 569 901	1 639 283
	99 299 552	79 351 710

ADDITIONAL DISCLOSURE IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Audit Fees		
Opening Balance	117 539	138 223
Current year audit fees	1 880 547	1 773 026
Amount paid - current year C00238	-1 956 397	-1 793 711
	41 689	**117 538**

Councilors arrears consumer accounts

30 June 2010	Total	Less than 90 days	More than 90 days
William Nawa	14 255	10 186	4 069
Dennis Mangope	800	800	-
Total Councillor Arrear Consumer Accounts	**15 055**	**10 986**	**4 069**

30 **June 2011**	Total	Less than 90 days	More than 90 days
William Nawa	14 255.00	10 186	4 069
Dennis Mangope	800.00	800	-
Total Councillor Arrear Consumer Accounts	**15 055.00**	**10 986**	**4 069**
Previous councillors			
Sipho Handula	1 027.79	1 028	-
Mananiso Thomas	2 959.82	2 960	
Lesego Mochumi-Motsau	876.23	876	-
	365.18	365	
New councillors	22 820.70	1 115	21 706
	1 479.88	1 480	-
Lazarus Matshuisa	**29 529.60**	-	-
Jerminah Kutoane			
Bernard Rooskrantz			

Commitments

Commitments in respect of capital expenditure :

- Approve and contracted for		
Infrastructure	58 863 852	13 008 425.00
Community	27 812 214	13 887 269.00
Other	86 676 066	26 895 694
	16 798 420	**86 676 066**

NOTES TO THE FINANCIAL STATEMENTS

Figures In Rand

	2011	2010
CONTINGENT LIABILITY		
Housing Loans	216 719	216 719

37.1 The council has issued guarantees on behalf of employees who could not obtain housing loans from financial institutions. Repayments on mortgage bonds are deducted monthly to reduce the exposure of Council to losses.

37.2 A claim by Mrs. Marina Nolte against the Randfontein Local Municipality for injuries in June 2004 amounting to R1.200.000 was lodged.

37.3 A claim by Kingfisher outdoor product in respect of Interes on incorrect billing - estimated cost of claim - R149,475.

37.4 A claim by Lubbe Construction (Pty) Ltd: Payment for Services rendered – R 16 672 304.74

37.5 A claim by Me. Lorette Grové Iro third party injury - estimated cost of claim R1,483.

37.6 A claim by Me. Gladys Mahobane Iro personal injury resulting from roads and storm water construction activities estmated cost of claim - R34,300.

37.7 A claim by Zimasile Investments CC re injury to an employee by residents while doing work for Randfontein Local Municipality - R61,140.

37.8 A claim by R.T Vogel for damages as a result of Randfontein Local Municipality's. Ommission to maintain and upkeep traffic and road signs - R60,145-40.

37.9 A possible claim by H Kluyts for the amount of R25,606 against Council for damages to a vehicle as a result of traffic signs that were not propertly marked

37.10 A claim by L.C.M Orton for unlawful/wrongful arrest - R100,000

37.11 A claim by CML Plant Hire (PTY) Ltd for damages caused by the negligent driver of an employee (JX Kolo) while acting within the scope and course of his employment - R65,604

37.12 A claim by Mrs. A S Luthers for constuctive dismissal. Applicant claims salary discrepency - reason for resignation. Claim estimate - R30,000.

37.14 An amount of R97,844 in respect of a claim by Yebo Gogo motors for storage. A vehicle of Council is held as security for the amount. The matter will be settled in court.

37.15 A claim by R J Panelbeaters against the municipality for an amount of R31,831 for services rendered. The matter is disputed by the Municipality and will be settled in Court.

37.16 A claim by Mr. M J Moeketsi for unfair dismissal - estimated cost of claim R215,000.

ne to the amount of R612,513 due to power outages.

37.18 A claim for R360,000 by a former employee (Mr. C vd Westhuizen) against the Municipality for use of external prosecutors, presiding and the interpretation of the collective agreement.

37.19 A claim for R6,5 m by Mr. Grobler against the Municipality for eviction application.

37.19 A claim for R50,000 by Khumalo and other for unfair dismissal

37.21 A claim by P Modikwe and others In respect of mutual Interest dispute - applicant claim permanent employment benefits, claim cannot be quantified.

37.22 A claim by AS Luthers Iro the interpretations of collective agreement. Applicant claims she should be placed on a higher level with commensurate salary - estimated cost of claim R30,000.

37.23 A claim by T G Mpompi Iro the interpretation of collective agreement applicant claims he is a driver and performing general worker duties - estimated cost of claim R75,000-00

37.24 A claim by P Sebako Iro unfair dismisal. Applicant claims reinstatement. The estimated cst of claim disciplinary action - R1,700,000 and compensations of R55,000.

37.25 A claim by Mokhele Iro the Interepretation of collective agreement. Application was dismissed and feel that the sanction was unfair - estimated cost of claim R140,000.

37.26 A claim by E Mako iro interepretation of collective agreement. Applicant claims non adherence to the placement policy of Council - estimated cost of claim R520,000.

37.27 A claim by MS Leeu iro cost order against Council in terms of arbitration - estimated cost R2,500.

37.28 A claim by E S Schoeman iro Interepretation of collective agreement. Applicant claims an acting allowance of prosecutor at the Magistrate Court - estimated cost of claim R500,000.

37.29 A claim by T Luthers for unfair dismisal :
- Arbitration award in favour of applicant
- Retrospective reinstatement and back payment of salary for 4 years - estimated cost claim R2,500,000

37.30 A claim by LT Mogapi iro interpretation of collective agreement - applicants claim that he wants to be placed as manager in sport facilities and Council failed to adhered to placement policy - estimated cost of claim - R290,000

37.31 A claim by SG Ngwena and 33 others iro Interpretation of collective agreement - employees claim that provision of main collective agreement was contravened in terms of travel allowance claims - cannot be quantified.

37.32 An eviction application by FW Heppner against the occupier CS Malefane wherein Council is the Third Defendant. The applicant seeks that Council provide alternative accommodation for the First Defendant.

To the best of my knowledge there were no contingent assets

SUPPLY CHAIN MANAGEMENT DEVIATIONS

The following Supply Chain deviations happened during the year:-

DESCRIPTION OF SERVICES	SUPPLIER NAME	REASON	AMOUNT
Purchasing of two (2) Compactors	Magnis Trucks Samrand	Urgent request - Major breakdown of	3 669 507
Supply, Delivery and Installation of Library Furniture for	Don Greswell Library Products cc	RFQ was advertised and couldn't get	120 948
Purchasing of a Tractor	Clive Gardener Auction	Emergency – breakdown of tractors at	230 000
Purchasing of 150mm x 3 core copper 11kv	Universal Cables cc	Emergency – appointed service	1 084 083
Purchase of 12mm – 185mm PILC cable joints	JHV Industries cc	Emergency – quantity required was	7 091
Repair a burst water pipe	AAA Plumbing	Emergency – locate a burst pipe and fix	12 768
Purchase of fertilizers 2-1-1 (32) 79 tons	Profert	Only supplier in Randfontein	529 060
AND fertilizers Ureum 29 tons	Profert	Only supplier in Randfontein	
Purchase of 40 Bags x 50kg complete calf 18P	Meadow Feeds	Only supplier in Randfontein	7 396
Purchase of 18 tons Perfomulak 20%	Meadow Feeds	Only supplier in Randfontein	52 908
Purchase of a complete B20 type switchboard	Interswitch	Sole supplier for these type of	30 136
Purchase of 25kg cold asphalt	Copper Eagle	Emergency - The material was needed	198 702
Repair on electrical damages at Agricultural Holdings	JAS Ndlovu	Urgent – electrical damages	86 190
Purchase of office furniture	Redrow Office Furniture	Contracted service provider was unable	32 500
Purchase of grass seeds for planting at Elandsfontein	Advanced Seeds	Sole supplier of this type of seeds	50 856
Purchase of 315kva/6.6/400 mini substation	Electrical Windings	Emergency – Mini substation got stolen	86 013
Team building and optimizing session for MMCs and	Dual Point Consulting	Urgent request	102 600
Watertite Conservation (Pty) Ltd	Supply and delivery of meter above	Emergency	197 505
Ritlee Xecutech Sale & Services	Procurement of a Towable Drum Type	Recommended to be purchased directly	148 094
Purchase of corporate gifts for speaker's office	Blaque Cherrie	Urgent request – for councilors' end of	10 086
Replace Inlet Valve at Toekomsrus tower	Premier Valves	Sole supplier of this type of valves	178 010
Strip and repair a faulty 10Mva transformer at Nerine	TSS Transformers	Urgent repair of faulty transformer	549 107
Purchase of 20 x 10L white field marker paint	Dura Paints	Sole supplier of field marking paints	6 047
Supply and installation of needle valves and pressure	Premier Valves	Sole supplier of this type of parts.	7 231
Purchase of Bollard driver training poles with base	Safety Express Stormberg	Sole supplier of these specialized poles	19 669
Hiring of two 19 cubic meters waste compactor truck	Jade Waste	Urgent - Major breakdown of the	97 466
Strip and repair 315Kva miniature substation at Aureus	PNC Trading	Urgent – the substation was vandalized	136 800
Supply, deliver and install a Technobrake Axle Mass	MAHA	RFQ was advertised and no respond	117 990
Platinum Projects and Pools Design Cc	Renovations of Mohlakeng swimming	The only specialists in swimming pools	126 600
CMS Water Engineering	Installation of Splash Plate and new	Completion of additional work that was	21 227
EM Plumbers	Emergency repairs of sludge pipeline at	Emergency	51 539
Ikhaya Fundisa Techniskills Academy (Pty) Ltd	Purchase of toolboxes-fitting	For RLM leamership students	22 847
Pitney Bowes	Purchase of Postmate 3 folder/Sealer	Sole Supplier	60 648
Genlux Lightning (Pty) Ltd	Supply and replace streetlight fittings	Sole Supplier	1 999 477
A H & A Electrical Electronics	Installation of starters and DB's for	Emergency	40 698

2010

DESCRIPTION OF SERVICES	SUPPLIER NAME	REASON	AMOUNT
Repair high tension circuit breaker for Toekomsrus	Mining Supplies	Impracticable	7 319
Fault finding & repairs in Foden and Munnic substation		Emergency	8 577
Repair spare high tension circuit breaker for Toekomsrus		Impracticable	6 589
Trencing & Replace cable	3F5 Communication & Maintenance	Emergency	24 567
Repair Planning boards & Painting		Emergency	3 762
Replace faulty medium voltage cable - Aureus Ext. 1		Emergency	4 614

Service Connection		Emergency	18 186
Cutting of Grass		Emergency	41 470
Painting of Mohlakeng Substation	FMN	Emergency	11 000
ply material labour		Emergency	11 200
Refurbishment of mini substation	PHC Trading LTD	Emergency / Impracticable	132 240
Supply of 100 kVA pole mounted transformer for Botha Agricultural holdings	TSS Transformers	Emergency	1 671 453
Supply of PILC Medium tension	ORBIT Electrical	Emergency	34 768
Repair of 315 kVA miniature substation		Emergency	22 794
Replace of 315 kVA miniature substation	PNC Trading	Emergency	110 580
Acquiring of Locks for dangerous distribution boxes in Mohlakeng	Mkosi Engineering	Emergency	10 784
Repair and Replace 500 kVA miniature substation	Group Switch Gear	Emergency	271 382
Nurses of Uniforms	SMAT	Inability to comply with the specifications	44 050
Office furniture	REDRO Office furnit	Inability to perform	700 798
TOTAL OF DEVIATIONS			**3 136 133**

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

To the best of my knowledge there were no unauthorized, irregular, fruitless and wasteful expenditure in the current financial year.

2010
-

	2011	RECOVERABLE	CRIMINAL OR DISCIPLINARY STEPS TAKEN
Expenditure incurred contrary to policies and procedures of the following the necessary supply chain management regulations	412 668	Not likely	Disciplinary process in progress
	243 568	Not likely	Disciplinary process in progress
	656 236		

RELATED PARTIES

Related party relationships exist between the municipality and the following parties:

Mayor, Speaker , Councilors, Municipal Manager and Section 57 Managers, and other Municipalities within the Westrand District

Related party transactions

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated.

`30 June 2010

	Rates & Services Charges	Other	Total 30 June 2009
Services rendered to related parties:			
Councilors	-	-	-
Municipal manger & Section 57 appointments	-	-	-
	-	-	-

	Rates & Services Charges	Other	Total 30 June 2011
Services rendered to related parties:			
Councilors	219 569.96	-	219 570
Municipal manger & Section 57 appointments	23 098.85	-	23 099
	242 668.81	-	242 669

`30 June 2010

	Total 30 June 2011	Total 30 June 2010
Services rendered by related parties:		
Councillors	-	156 176
	-	156 176

Sure Blake Travel is a travel agent owned by a Councillor. This is the only travel agency in Randfontein hence transactions were done with the related party.

Services rendered by Sure Blakes	141 888	232 108

`30 June 2010

	Total 30 June 2011	Total 30 June 2010
rendered by related parties:		
stonaria Local Municipality	10 875 565	10 875 565

The sewer for the suburb of Mohlakeng is discharged to Westonaria Local Municipality for processing. The Westonaria Local Municipality therefore renderes sanitation services on behalf of the Randfontein Local Municipality.

	Total 30 June 2011	Total 30 June 2010
`30 June 2010		
Services rendered to related parties:		
West Rand District Municipality	8 027 457	47 903
	8 027 457	47 903

The Randfontein Local Municipality renders municipal serices to the West Rand District Municipality.

Services rendered to WRDM	-	-

EVENTS AFTER THE REPORTING DATE

42.1 No evidence existed to adjustment a financial statements for events after the reporting date or that the going concern assmption is not appropriate.